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BEDFORD MAN SENTENCED FOR INSIDER TRADING SCHEME

CONCORD, NEW HAMPSHIRE: U.S. Attorney Tom Colantuono announced that United States District Judge Steven J. McAuliffe sentenced Bedford resident George R. Potter to six months of home detention and twelve months probation for his involvement in a conspiracy to commit insider trading. Potter previously had pleaded guilty to engaging in an scheme to trade in the securities of Sepracor, Inc., a Massachusetts pharmaceutical development company, based upon confidential information leaked to him by his son, a Sepracor employee. Potter, age 65, resides at County Road, Bedford, New Hampshire.

In connection with his earlier guilty plea, Potter acknowledged that, on October 18, 2000, his son, Timothy J. Potter, disclosed to him confidential information concerning adverse developments relating to (R)-fluoxetine, a pharmaceutical drug then being jointly developed by Sepracor and Eli Lilly & Co. At the time, Timothy Potter was employed in Sepracor's Accounting Department. Potter further admitted that, minutes later, he used that information to purchase "put options" for Sepracor stock. A put option gives its purchaser the right to sell the underlying stock at a predetermined price by a certain date, and the purchase of a put option is essentially a bet that the price of the underlying securities will decline.

When Sepracor and Eli Lilly publicly announced the adverse developments relating to (R)-fluoxetine the following morning, Sepracor's stock price plummeted while the value of Sepracor's put options soared. Hours after the announcements, Potter sold the Sepracor put options, generating an overnight profit of more than \$55,000. Potter admitted that he later transferred that profit to Timothy Potter. Potter also admitted to attempting to mislead the U.S. Securities and Exchange Commission in sworn testimony he provided in an investigation the SEC was conducting into his trades.

Judge McAuliffe sentenced Potter to twelve months probation with a special condition of six months of home detention with electronic monitoring and imposed a fine of \$2000. Potter is also a defendant in a parallel civil enforcement action filed by the SEC, pursuant to which he is expected to pay fines and other monetary relief in excess of \$120,000. Potter's son has pleaded guilty to related charges and is scheduled for sentencing on August 18, 2003.

United States Attorney Colantuono stated: “Insider trading is directly contrary to the notion of fairness in our stock markets. Whether it be Wall Street or Main Street, the federal government will enforce the insider trading laws forcefully to ensure a level playing field for all investors.”

This matter was investigated by the Bedford office of the Federal Bureau of Investigation and was referred to the FBI by the SEC. The United States Attorney’s Office expresses its appreciation for the valuable investigative assistance of both the FBI and the SEC in this case. Assistant U.S. Attorney Bill Morse is prosecuting the criminal case.